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NEWS BRIEFS

Court bars Posner from helm of Arby's parent DWG Corp.

CLEVELAND — A federal court judge has barred controversial financier Victor Posner and his son, Steven, from running DWG Corp., the Miami-based parent company of Arby's, for 120 days pending an audit to investigate charges Posner plundered the holding company.

U.S. District Judge Thomas D. Lambros ruled that Posner "continues to stomp on the rights of shareholders, officers and directors by reigning over DWG as if it were his personal fiefdom."

Analysts told The Wall Street Journal that a sale or liquidation of DWG's assets, including Royal Crown bottling, is possible after the audit, and they said the Arby's sandwich chain could fetch at least $120 million. That amount is $80 million less than a franchise group's offer that Posner rejected in 1989 in connection with a revolt by franchisees and his unpopular firing of Leonard Roberts, Arby's president.

Pizza Hut targets Little Caesars with takeout unit

WICHITA, Kan. — Pizza Hut officials said the chain is poised to unveil a new takeout, drive-thru prototype here as a vehicle for direct competition against carryout segment leader Little Caesars.

The test concept, whose name Pizza Hut officials would not divulge, will offer limited dine-in seating but not delivery. It is expected to open by April at a converted men's clothing store in a shopping center on East Central Avenue.

Sources at the PepsiCo division said proposed expansion of the new concept would combat Little Caesars in much the same way Pizza Hut's launch of a fleet of downsized delivery and carryout units targeted Domino's.

Denny's axes controversial policy

SPARTANBURG, S.C. — Denny's Inc., under threat of litigation from civil-rights groups that claimed a late-night pay-when-you-order policy was discriminatory, has agreed to drop the policy. It had been in place at 13 restaurants.

Despite the concession, lawyers for a group of African-American students, who allege they were victims of discrimination at a San Jose, Calif. Denny's, were angered by the chain's failure to agree to pay the students for their "emotional distress." The students affirm they were asked to pay for their meal at the time they ordered because of the color of their skin.

Denny's has said that the policy was intended to reduce losses related to people who walk out of restaurants without paying, but that it "hoped" to control the problem by beefing up security and scheduling more managers.

Taco Bell group formed to oppose new licensed rivals

WICHITA FALLS, Texas — A new association of Taco Bell operators — claiming to represent more than 1,000, or about 70 percent, of the chain's franchised restaurants — said it organized to press Taco Bell Corp. about festering contract issues, including unwelcome competition from its new, non-traditional licensees.

Although the International Association of Taco Bell Franchisees, based here, "is in no way meant to be confrontational," the group intends to voice concerns to the PepsiCo-owned franchisor about its recent wave of licensing, IATBF president Ron Bellamy said. The group will also address disputes over the sales and transfers of franchises, contract renewals and product pricing, he said.

Taco Bell, in a statement from its Irvine, Calif., headquarters, said it welcomed the opportunity to "enhance our communications process." The company owns about 60 percent of the chain's 3,500 restaurants.

Wendy's '91 net up 31%, ranks as best since '85

DUBLIN, Ohio — Wendy's International, reporting its strongest annual results since 1985, has posted fiscal 1991 earnings of $51.3 million, up 31 percent from the prior year's results.

Revenues grew 5 percent, to $1.06 billion, somewhat less than expected in light of the opening of 92 new company stores last year by the industry's No. 4 burger chain. Wendy's said customer response to television commercials featuring founder Dave Thomas and improved service at the unit level were keys to its improved performance.

Systemwide sales for the year rose 5 percent, to $3.22 billion. Same-store sales at company units climbed 5 percent, to $874,000, as unit operating margins jumped by 13 percent. Wendy's fourth-quarter net income increased 40 percent, to $10.8 million, on an 8-percent gain in revenues, to $269.7 million.

BK extends Weight Watchers test to 348 units

MIAMI — Burger King's marketing of Weight Watchers entrées is being expanded from 144 units to 348 BK outlets and backed by television advertising highlighting the diet-food manufacturers' available pizza line.

BK and Weight Watchers launched their venture last July with a test of three dinner entrées and Weight Watchers salad dressing at a single restaurant. The manufacturer's products are among several branded packaged-food items BK is selling in a bid to broaden its market and adopt more of a retail stance.

PepsiCo buys into cart maker, stops its sales to rivals

PURCHASE, N.Y. — PepsiCo Inc., the parent company of Taco Bell, Pizza Hut and Kentucky Fried Chicken, has purchased an unspecified minority equity stake in Denver-based Carts of Colorado, whose mobile units and modular kiosks are used by a growing number of the chains' licensees.

The deal, terms of which were not disclosed, "increases our ability to aggressively pursue new and non-traditional distribution channels," a PepsiCo official said. As a result of PepsiCo's investment, Carts of Colorado, which estimates that the 20,000 units it has sold to date generate annual foodservice sales of $2 billion, will stop selling equipment to such competitors as Burger King and Coca Cola Co., he indicated. Other cart customers have included Marriott Corp., ARA Services, Service America, Disney World and Mrs. Fields.

TPI selling theater holdings to focus on restaurant div.

NEW YORK — TPI Enterprises Inc. will sell its film exhibition business in order to concentrate on the company's Memphis, Tenn.-based TPI Restaurants subsidiary, the largest franchisee of Shoney's Inc.

The company said it would sell its 50-percent ownership interest in Exhibition Enterprises Partnership, which operates 60 multiplex movie theaters with American Multi-Cinema Inc. The price tag was not revealed.

TPI said it intends to concentrate solely on developing its restaurant division, which currently comprises 171 Shoney's, 65 Captain D's, seven Hungry Fishermans and two Danvers.

Cholera outbreak boosts in-flight meal binge in LA

LOS ANGELES — An outbreak of potentially deadly cholera here among passengers from an Aerolineas Argentinas flight has prompted planes bound for Peru, the suspected source of the disease, to load hundreds of extra catered meals to avoid the need for restocking there.

Flights departing for Lima, Peru, stowed the surplus food from contractors' in-flight kitchens at the Los Angeles airport.

In the first such outbreak in the United States, at least 60 of the 336 people aboard the Argentine flight showed symptoms of cholera, which was known to have killed at least one elderly passenger. The flight originated in Buenos Aires but restocked in the capital of Peru.

FINANCIAL NEWS

F '91 performance blunts Hardee's comeback hopes

by Milford Prewitt

ROCKY MOUNT, N.C. — After posting third-quarter numbers that gave its parent company hope for a turnaround, Hardee's limped out of 1991 with year-end and fourth-quarter results that darkened that prognosis.

Imasco Ltd., the Montreal-based retailing, tobacco production and financial services conglomerate, said its Hardee's division's operating earnings fell 35 percent in 1991, to $40.3 million, on a 3-percent decline in revenues, to $1.83 billion.

From a profit standpoint, Hardee's performance was much brighter during the fourth quarter. The company posted operating earnings of $4.4 million, eclipsing a loss of $5.5 million in the final quarter of 1990.

But revenues fell 7 percent, to $439.5 million, in 1991's closing period.

When the company reported its results for the third-quarter ending in September, Purdy Crawford, Imasco's chairman, voiced optimism that the chain was beginning to stem its chronic earnings hemorrhage. Comparing third-quarter results of 1991 with those of 1990, Crawford pointed out that earnings fell just 12 percent in the most recent third quarter, vs. a 45-percent drop in the same period a year earlier.

But Crawford's tone in assessing the fourth quarter was mixed.

"At Hardee's Food Systems the recession, an increasingly mature and competitive fast-food industry as well as weakness in our company restaurant operations took their toll in 1991," Crawford said. "Operating earnings declined to $41.6 million [Canadian] from $69.2 million [Canadian] in 1990, itself a disappointing year."

Crawford remained optimistic that the company may be surmounting its troubles.

"Hardee's new chief executive, Bob Autry, is enjoying solid support from the owner-operators of Hardee's licensed restaurants," he said. "He is bringing strong, no-nonsense management to the company, and we believe that the midyear change of leadership at Hardee's with a renewed focus on fundamentals will restore satisfactory earnings over time."

While the onslaught of the recession and the year-ago Persian Gulf War severely stained Hardee's fortunes, the chain's absorption of the 640-unit Roy Rogers burger-and-chicken chain has been a more formidable challenge ever since it was acquired in April 1990.

Hardee's recently began a test in the Washington market — a company-store enclave — to restore Roy Rogers' signs, equipment and original menu back in two restaurants that had been switched into Hardee's. Company officials said that if the restoration is successful, more units could be reconverted.

Longhorn Steaks files for IPO

by Carolyn Walkup

ATLANTA — Longhorn Steaks has registered with the Securities and Exchange Commission for an initial public offering of 1.7 million shares of common stock to finance development of new restaurants.

Longhorn, which has a $15 dinner-check average, has scored steady growth ever since its inception in 1981. The company intends to maintain its growth pace at between 20 percent and 25 percent annually.

The midpriced steak-house segment has gained strength, Longhorn president George McKerrow Jr. asserted, because both the high-end and the budget steak-house categories are hurting.

Longhorn reported that its total foodservice revenues of $49 million in 1991 represented an 18-percent increase over sales of $40 million in 1990. Same-store sales averages increased 5 percent during the year, from $1.9 million to $2 million, the company said.

Per-unit sales averages in 1991 rose to about $2.25 million for the 19 company-owned stores. There are 11 franchised restaurants. The company also operates three Skeeters Mesquite Grills, which are not slated for expansion.

The Longhorn restaurants are known for large portions and a casual, no-frills atmosphere with a Texas accent. Locations range from converted gas stations to strip malls to built-from-scratch buildings.

Proceeds from the offering are also earmarked for the retirement of bank debt, which McKerrow described as minimal. "We have always expand-

(See LONGHORN, page 49)

FOOD PRICE OUTLOOK

Slow slaughter moves beef prices up

by Patt Patterson

Beef prices have been moving up, more on reduced slaughter by packers than on demand. Feedlots have an somewhat reduced inventory of animals ready for slaughter, and prices of fed cattle have been moving up to where they were last year at this time. Some observers expect prices to stabilize at or near 1991 levels soon.

There's plenty of pork available, and prices are still well below last year's at this time. Storms in the Midwest slowed hog marketing for a while in mid-February, but farmers have a strong inventory and continue to bring the animals to market. Expect prices to continue at current levels well into next month.

Supplies of cod and haddock continue tight, particularly frozen blocks and slabs from which portions are cut. Prices continue high . . . There is a 10-percent greater supply of king crab on hand this year, and some suppliers have reduced prices . . . Warmwater lobster tails are in good supply, and prices are lower. But cold-water tails are in short supply, and prices remain strong.

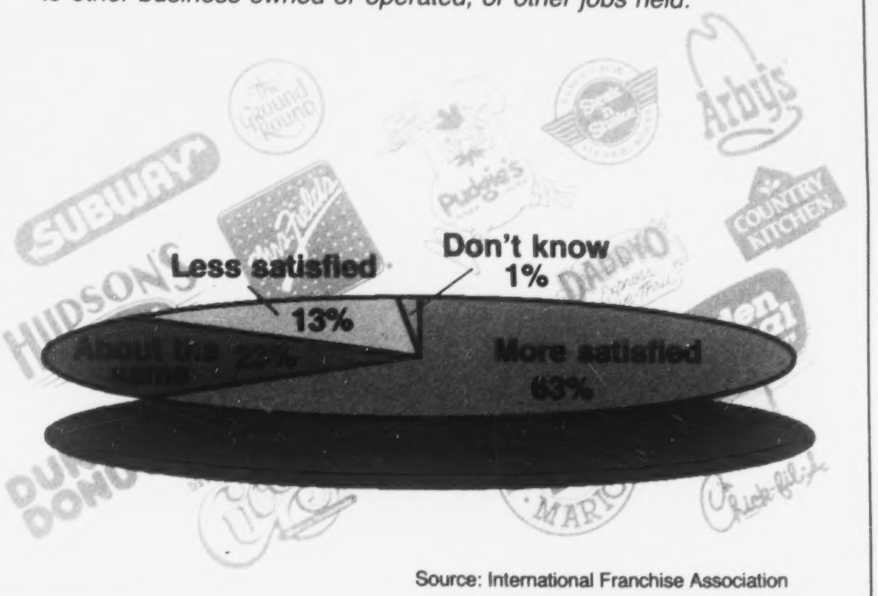
Lots of frozen strawberries are available, and with California's Watsonville area coming into production, prices for fresh berries are expected to drop. There was some damage from the heavy mid-February rains reported in the Oxnard-Ventura area, but production was winding down there and prices moved up only marginally.

Frozen asparagus supplies are tight. Production starts in April. Meanwhile fresh grass is hitting the markets at lower pricing as the California harvest increases . . . The frozen spinach pack this year looks good, and some California packers are beginning production . . . Field prices of lettuce, broccoli and cauliflower are at yearly lows. Rains did not disrupt harvesting in the western desert areas, and quality continues high.

FACT FILE

The Joy of Franchising

The level of overall satisfaction as owner of a franchise compared to other business owned or operated, or other jobs held:



Source: International Franchise Association

FINANCIAL DIGEST

Rally's annual net rises 21 percent

LOUISVILLE, Ky. — Rally's Inc. reported a 21-percent jump in net income, to $6.1 million, on a 15-percent spike in revenues, to $94.1 million, for the year ended Dec. 29.

The double drive-thru burger operator said same-store sales gains and chain expansion had led to Rally's strong year-end results.

For the three months of the quarter, Rally's said its net income jumped 69 percent, to $1.9 million, on an 18-percent rise in revenues, to $24.9 million.

Rally's added that if it had not acquired the 19-unit Maxie's last year, net income for the quarter would have been $180,000 higher. But costs that were associated with the purchase reduced earnings.

Systemwide sales grew 19 percent, to $221.1 million, during the year.

Rally's closed the year with 337 outlets, 87 of them opened during 1991.

Store closures trim Sbarro's annual net

COMMACK, N.Y. — Sbarro Inc. blamed the closing of several underperforming restaurants for a 7-percent decline in net income, to $21.8 million, in the year ended Dec. 29. Annual revenues were $209.8 million, which is a 10-percent gain from the prior year's results.

The pizza chain's fourth-quarter net income fell 13 percent, to $7.2 million, while revenues in the period rose 10 percent, to $61.7 million. Sbarro said it took a charge of $1.2 million against earnings in closing restaurants that failed to meet performance criteria.

Ryan's annual net falls 3% as sales rise

GREER, S.C. — Ryan's Family Steakhouses said annual net income fell 3 percent, to $23.3 million, on a 9-percent gain in revenues, to $299.3 million, for the year ended Jan. 1.

While earnings in the fourth quarter dipped 8 percent, to $5 million, revenues surged 13 percent, to $73.9 million, largely as a result of strong same-store sales trends during the last two months of the year, the company said. It indicated that some units, especially those with bakeries, saw their sales rise by as much as 19 percent in that period.

Ryan's said it expects stronger revenue gains in the first and second quarters this year, based largely on easier comparisons with the first half of 1991. Same-store sales rose 7 percent in January, the company noted.

Ciatti's loses $90k in 2nd quarter

EDINA, Minn. — Ciatti's Inc. said bad winter weather and the recession prevented the company from "returning to profitability" in the second quarter, during which it sustained a $90,725 loss. In the comparable period a year ago, the company posted a $72,079 profit.

The Italian dinner-house operator reported a 16-percent gain in sales, to $5.2 million, in the second quarter this year, primarily from sales at two new restaurants that opened during the period.

Ciatti's lost $214,010 in the first half on an 8-percent rise in sales, to $9.5 million.

Cucos' profits rise 10% in 2nd quarter

METAIRIE, La. — Cucos Inc. said net income jumped 10 percent in the second quarter ended Jan. 12, to $22,281, on a 16-percent gain in sales, to $3.8 million.

The 33-unit operator and franchisor of Tex-Mex dinner houses said third-quarter results are expected to be off by about $20,000 because of the costs of reopening a renovated restaurant.

OPINION

Be mindful of consumer 'needs' — creatively

by Fred G. Sampson

Red wine . . . Exercise . . . Decaffeinated coffee . . . What do these entirely different topics have in common, and why would someone in the foodservice industry have an interest in them? Let me explain.

I have been saying for the last 10 years that we are doing an outstanding job of confusing the consumer. We are the media, the public-health and science communities, various government agencies, and certain consumer advocate groups.

It seems that as soon as some organization comes forth with a claim that certain foods, activities or products have been suspected of causing some problem or threat to the general population, one or all of the above call press conferences, take out ads in the various media and immediately urge some type of government intervention.

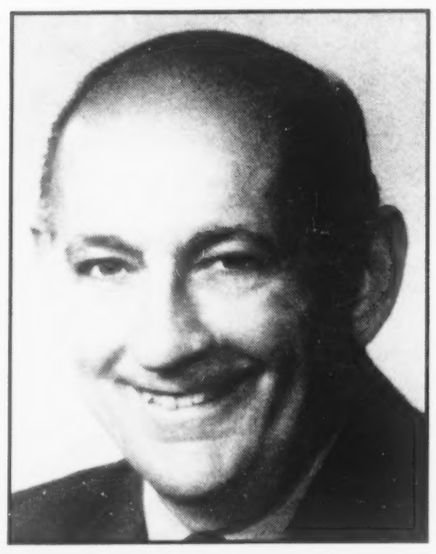
Invariably, within six months after many of these studies have been published, a counter study reports diametrically the opposite. The consumer is justifiably confused, not knowing whom and what to believe. Think about the following.

About two years ago a study by a major school of public health looked at 44,000 men over a two-year period. It found that those who drank moderate amounts of alcohol had a 25- to 40-percent lower chance of developing heart disease. The standard for moderate was one or two drinks a day — a standard drink being 12 ounces of beer, 4 ounces of wine or 1.5 ounces of 80-proof spirits. They did not take into account coronary risk factors, such as smoking, high intake of fat or cholesterol as well as a low intake of fiber, and the findings still showed alcohol to be cardio-protective.

They attributed its benefits to the fact that alcohol has the ability to raise HDL cholesterol. HDL is considered the good type, which protects against coronary artery disease.

Last year a French study came to the conclusion that only red wine was cardio-protective, and recently a major Eastern university claimed to identify the special chemical in red-wine grapes responsible for that trait.

Immediately, groups representing those who beat the drum for some type of prohibition called the studies totally false; some even said that this was a plot. How could the media dignify such unresponsible studies by reporting them? Everyone knows that drinking is no good for you. Never mind that these studies were conducted at prestigious schools.



Fred G. Sampson

Confused? Every day we heard how important exercise is for you in that it will help lower your blood pressure . . . until all of the media reported that exercise has no bearing on your blood pressure at all.

It now appears that lowering your weight and watching your salt intake appear to be the only way to reduce high blood pressure.

Does that mean that you are wasting your time exercising? I don't think so, but who knows? Maybe tomorrow's paper or TV show will help us figure it out. Maybe some new study will tell us that exercise will help bald- headed men like me grow hair provided that we do it six hours a day, eight days a week.

What to do? How about decaffeinated coffee? One study states that the process which is used could cause stomach problems. On the other hand, most doctors tell patients that if they are having digestive problems, they should drink only decaffeinated coffee.

What impact does that advice have on the foodservice industry. Very simple. The consumer wants to know more about what we are serving and how it affects his well- being.

Let me give you an example. Recently, the most-watched TV show in America, "60 Minutes," ran a piece on the aforementioned positive effects of red wine on the cardiovascular system.

The next day I had lunch in one of New York City's most famous restaurants. It caters to some of America's top business executives. One of the owners told me that his sale of red wine at lunch was absolutely unbelievable.

Why? Simply because they — the executives, like most of us — were responding to any reasonable suggestion that would have a positive effect on their well-being. That anecdote is but one example of the way our customers are being influenced in their purchasing decisions.

At one time the basis for ordering an item involved what the customer liked, what tasted good. Now there are a number of tests the menu item must pass before the customer will consider ordering it. How much fat does it contain? What is its cholesterol count? How about the sodium? If it's poultry, can the skin be removed?

Next, how is it prepared? Is it fried and, if so, in what type of product? Can I get it broiled, and, if so, will you please hold the butter?

Let me make it perfectly clear that I'm not taking issue with our customers and what they want and how they want it.

My concern is that their choices are not being made on the basis of what they really want, but rather on the basis of what someone else thinks is good for them. And that determination of what is good for them is based on information that is all of 20 minutes old and, in all probability, will be refuted tomorrow.

Such confusion in the marketplace is compounding our efforts to please our guests and is changing dramatically the way we merchandise our menus.

What's the answer? There really isn't one. Why? Simply because the studies, medical papers, surveys and other sources will continue to issue reports as long as the public shows a keen interest in them.

The best one can hope for is to monitor the situation and design one's menu with an eye for those foods that offer an opportunity to be creative and, at the same time, appeal to the public's wishes in regard to their health concerns.

Remember: People still eat out because they are, for the most part, looking for a total experience thatincludes atmosphere, service, value, cleanliness and a sense that their patronage is appreciated.

Years ago a major foodservice supplier coined the phrase "eating out is fun." Perhaps it is time to remind our customers of that fact.

Fred G. Sampson is president of the New York State Restaurant Association.

SIDE DISHES

The latest in high technology quiets cries for more fries

Whether it be to satisfy a hunger pang or fend of 3 o'clockboredom at the office, many people end up "vending for themselves." A new machine on the market adds something new to the chocolate bars, cookies, popcorn and licorice: french fries.

French fries, one of America's earliest forms of finger foods, have finally made into the era of the vending machine.

A Miami-based company has rolled out a vending machine the size of a soft-drink machine that dispenses 33 golden french fries for $1. All customers have to do is touch a button, and salt and ketchup are also dispensed. The machines cost approximately $10,000 and lease for $335 a month.

The machine, which uses robotics, mixes water with a powder of dehydrated potatoes, creating a dough that shapes the french fries. It is then dropped into a vat of boiling cholesterol-free canola oil and fried. When the fries are done, they are gathered into a 12-ounce paper cup and delivered hot. The machine can churn out approximately 60 orders per hour.

From les haricots to zydeco: Bryan Miller jams Cajun-style

NEW YORK — Even though The New York Times Critic Bryan Miller is an aficionado for French food, he has an ear for Cajun music.

Miller is part of an eight-member group called the Pinballs, a band of six men and two women that play their own brand of Cajun-zydeco music, which is popular in New Orleans and Louisiana. The band plays at places like The Lone Star Cafe and other clubs that feature live music.

"I started out three years ago for fun, but we fell in love with the music, got more serious and now have a professional band that plays the circuit," Miller told the New York Daily News. "After rehearsals I take some of them with me for reviews. I tell them, "You may not be the best-paid [band members], only the best fed."

NAME OF THE WEEK

Hal O Peños

Phoenix

NRN reader Rob Jones, an employee at Statewide Business Brokers Inc., spotted this week's winning restaurant name at 3575 W. Northern Ave. in Phoenix. The Mexican restaurant specializes in fajitas, tacos, burritos, seafood enchiladas, chimichangas, taco salad and hamburgers.

If you spot a clever, funny or bizarre restaurant name, send it to Name of the Week, Nation's Restaurant News, 425 Park Ave., New York, N.Y. 10022.

Couple celebrates 'big day' at special Big Boy restaurant

REDFORD, Mich. — Returning to the place where they had their "big" first date, a couple celebrated their 25th wedding anniversary at a Big Boy restaurant here.

Dennis and Mary Koss of Farmington Hills, Mich., had a private function for about 30 family members at the restaurant, which remained open for its normal business. The Koss' four adult children, who came up with the idea for the silver anniversary party, decorated a small section of the restaurant. The party featured a replica of their parents' original wedding cake, an enlarged reproduction of their wedding picture and a 25-year-old Big Boy menu — from which they happily ordered their anniversary dinner.

Trendsetting kids and teens favor beef and pasta dishes

Xtreme Inc., a marketing research company that follows trends and habits of young people, has come out with a new survey in its ZandlSlant newsletter. The survey of 2,000 8- to 24-year-olds pinpoints trends of what they call Alphas, kids who initiate trends, and Early Adopters, children who are pivotal in moving trends into the cultural mainstream.

Alphas, who represent about 5 percent of those surveyed, are curious, creative and original, seeking to be different from their peers. Early Adopters, which represent about 10 percent of the population, are popular, charismatic kids who move the trends brought about by the Alphas into the mainstream, where the other 85 percent of kids follow them. Here are some trends that could hit the mainstream in the near future:

Alpha/Early Adopter food and beverage favorites

Category	Girls	%	Boys	%
Food	pasta	14	beef (steak, ribs)	21
	pizza	13	pizza	21
	seafood	8	seafood	10
UP AND COMING: Mexican, Japanese, Thai				
Restaurants	American	51	American	49
	Asian	17	Italian	19
	Italian	14	Mexican	14
UP AND COMING: Indian, Japanese				

Source: Xtreme, Inc.

Compiled by Peter O. Keegan

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SECOND CLASS

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NRN Photo

Nicollet Island Inn general manager Sally Ring, left, and Hallie Harron, executive chef, display an array of 'updated' dishes.

Copeland bankruptcy takes on new twists

Impatient CIBC group files reorganization plan; Merrill Lynch asks court to remove Copeland

by Peter O. Keegan

AUSTIN, Texas — Drawn-out bankruptcy court proceedings over the fate of Al Copeland Enterprises erupted here as one exasperated lender submitted its own reorganization plan while another angry lender demanded the removal of Copeland himself from daily operations of ACE.

The dramatic moves occurred at Federal Bankruptcy Court here, during a hearing judge Frank Monroe had scheduled as a deadline for the final negotiations to be hammered out between Copeland and unsecured lender Merrill Lynch.

Frustrated by seven months of apparently fruitless negotiations between those parties, a senior subordinated lender group led by the Toronto-based Canadian Imperial Bank of Commerce submitted its own plan to reorganize the Popeyes and Church's chicken chains.

Meanwhile, Merrill Lynch asked the federal judge to empower someone to make decisions and take control of ACE from Copeland, who has remained chairman and chief executive since filing for protection from creditors last April.

"We have filed a motion that an examiner be appointed to oversee direct day-to-day activities and negotiations at ACE," said Merrill Lynch spokesman Jim Wiggins. "This addresses the conflict of interest potential, with Al being a supplier, franchisee and potential creditor, while acting as chairman and chief executive of the company."

In recent weeks a group of Church's franchisees has also asked bankruptcy judge Monroe to appoint an examiner who would have "full executive and operational authority" over the company, according to court documents.

"Everybody wants to get a trustee in there," said Robert S. Berg, president of Miami-based Popeyes franchisee Sailor Man Inc., echoing franchisee sentiments.

Copeland would not discuss the latest developments but through a spokeswoman said he would file separate reorganization plans on behalf of ACE and himself for the judge to consider.

The initial reorganization plan was submitted in July by unsecured lender Merrill Lynch and was agreed upon in principle by ACE. Under that arrangement, the New York in-

(See COPELAND, page 64)

Nicollet Island Inn adds modern twist to 'homey' cuisine

by Carolyn Walkup

MINNEAPOLIS — The Heartland cuisine that new management has introduced at the Nicollet Island Inn stretches beyond "Minnesota home cooking."

Some menu items may *sound* like Mom's favorite recipes from the 1950s — offerings like Lena's hot dish, a casserole of spinach and other vegetables, noodles and cheeses, or Minnesota meat loaf — but actually, executive chef Hallie Harron has brought them "up to the '90s."

"In the past we have always associated the Midwest with large hunks of meat and

(See NICOLLET, page 4)

INSIDE

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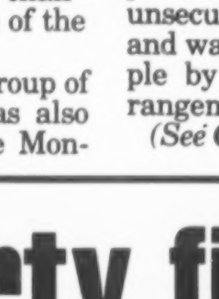
McCarty files Ch. 11 petitions, cites hotel debt

by Richard Martin



McCarty

SANTA MONICA, Calif. — "California cuisine" pioneer Michael L. McCarty, hobbled by millions of dollars in debts from his decade-long quest to launch a beachfront hotel here, has filed separate Chapter 11 bankruptcy petitions for himself, his hotel-development partnership and his restaurants in Santa Monica, New York and Washington.

Declaring total liabilities of $56.8 million, the bicoastal restaurateur, who is recognized by critics as a progenitor of contemporary dining in Los Angeles and a trendsetter in the American cuisine movement, said the personal and business filings in federal court in New York were "the only way I could protect my assets, my three restaurants."

McCarty asserted that his 12-year-old Michael's flagship in Santa Monica and its 3-year-old spin-offs — Michael's in midtown Manhattan and Adirondacks in Washington's Union Station — are all operationally profitable and are currently on sales paces that would put them ahead of their $7.5 million total last year.

"I want to stress that my restaurants are doing fine; my problems are caused by the hotel disaster," averred McCarty,

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FICA credit joins Senate tax bill

by Robin Lee Allen

WASHINGTON — The Senate Finance Committee has attached a $1.5 billion FICA tax credit amendment to its $57 billion economic recovery package that could alleviate some of the tip-tax burden restaurateurs have shouldered for nearly five years.

The National Restaurant Association is hailing the tax-credit rider as a major victory related to its grass-roots campaign to repeal legislation that forces operators to pay Social Security taxes on all servers' tips.

But the measure faces a tough journey before restaurateurs might realize any benefit from the credit. The proposed recovery package to which the credit is attached must first be approved by the Senate and conference committees before even reaching President Bush, who vowed he will veto any bills that include tax increases, as this one does.

Regardless, the Senate Finance Committee's approval of the rider illustrates some bipartisan support on an issue the foodservice industry considers critical, industry members said.

That support is crucial during an election year when lawmakers are likely to draft tax-

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